

BALANCE SHEET PRIMER FOR CITY COUNCIL

1. Private Corporations must follow **GAAP** (Generally Accepted Accounting Principles) and **FASB** (Financial Accounting Standards Board). The City's Proprietary Funds (Enterprise and Internal Service) follow similar standards.
2. Governments must follow **GAAP** Generally Accepted Accounting Principles and **GASB** (Governmental Accounting Standards Board). Our General Fund, Special Revenue, Debt Service, and Capital Projects Funds.

3. How the Balance Sheet Works

The balance sheet is divided into two parts that, based on the following equation, must equal each other, or balance each other out. The main formula behind balance sheets is:

$$\text{ASSETS} = \text{LIABILITIES} + \text{EQUITY}(\text{Fund Balance or Net Position})$$

$$\text{WORKING CAPITAL} = \text{Current Assets} - \text{Current Liabilities}$$

This equals the liquid funds on hand to pay current expenses.

4. The above equation does not change regardless of what type of balance sheet you are looking at. What does change is what is or is not included under each category, i.e. proprietary or governmental.
5. It is important to note that a balance sheet is a snapshot of the company's financial position at a single point in time, 12-31 for the City.

6. Current Assets

Current assets have a life span of one year or less, meaning they can be converted easily into cash. Such assets classes include cash and cash equivalents, accounts receivable and inventory. Cash, the most fundamental

of current assets, also includes non-restricted bank accounts and checks. Cash equivalents are very safe assets that can be readily converted into cash; U.S. Treasuries are one such example. Accounts receivables consist of the short-term obligations owed to the City by its users, such as water and sewer bills.

7. Non-Current Assets

Non-current assets are assets that are not turned into cash easily, are not expected to be turned into cash within a year and/or have a lifespan of more than a year. They can refer to tangible assets such as machinery, computers, streets, sewers, infrastructure, buildings and land.

8. **Depreciation** is calculated and deducted from most of these assets, which represents the economic cost of the asset over its **useful life**.
9. **Fund balance** is the difference between assets and liabilities—in essence, what would be left over if the assets were used to satisfy the liabilities. It is, quite literally, the balance of each fund.
10. The final component of the balance sheet is a **reconciliation**—a crosswalk between total fund balance and total governmental activities net assets in the government-wide statement of net assets as required by GASB 34.

PROPRIETARY ACCOUNTING

(most like PRIVATE SECTOR)

CITY OF BLOOMINGTON, MINNESOTA
Statement of Fund Net Position
Proprietary Funds
December 31, 2014

EXHIBIT 7

Business-type Activities - Enterprise Funds

	Water/Wastewater			Storm Water			Utility			Recreational Facilities			Nonmajor Proprietary Funds			Total			Governmental Activities - Internal Service Funds				
	Utility	Utility	Utility	Storm Water	Storm Water	Storm Water	Utility	Utility	Utility	Recreational Facilities	Recreational Facilities	Recreational Facilities	Nonmajor Proprietary Funds	Nonmajor Proprietary Funds	Nonmajor Proprietary Funds	Total	Total	Total	Internal Service Funds	Internal Service Funds	Internal Service Funds		
ASSETS																							
Current assets:																							
Cash and cash equivalents	\$ 3,277,780			\$ 3,950,493			\$ 1,619,027			\$ 1,186,265			\$ 10,033,565			\$ 34,703,313							
Accrued interest receivable	9,677			7,927			3,652			2,623			240,339			240,339							
Taxes receivable	163,976			-			5,979			70,384			5,398,247			118,552							
Accounts receivable	3,781,757			1,093,356			148,400			374,734			-			84							
Repaid items	84			-			-			-			-			431,436							
Due from other funds	431,436			-			-			-			-			248,289							
Due from other governments	-			-			-			-			-			-							
Inventory	-			-			-			-			-			-							
Total current assets	7,664,710			5,189,563			-			1,777,058			-			16,375,839							
Noncurrent assets:																	11,744,508						
Land	2,280,001			478,858			1,955,757			-			4,714,616			4,714,616							
Buildings and structures	18,436,732			791,498			16,943,961			-			36,172,191			36,172,191							
Machinery and equipment	1,435,891			8,542			1,240,348			24,229			2,709,010			2,709,010							
Improvements	2,117,458			1,908,426			2,208,901			-			6,234,785			6,234,785							
Distribution system	93,632,862			37,545,579			-			-			131,178,444			131,178,444							
Construction in progress	182,032			-			(12,827,554)			-			182,032			182,032							
Accumulated depreciation	(68,770,790)			(13,386,692)			(20,594)			(95,005,630)			(95,005,630)			(95,005,630)							
Accumulated depreciation	49,314,186			27,346,211			9,521,413			3,635			86,185,445			86,185,445							
Total noncurrent assets	56,978,896			32,535,774			11,298,471			1,748,143			110,561,284			110,561,284							
Total assets	7,664,710			5,189,563			1,777,058			1,744,508			16,375,839			16,375,839							

INCLUDES
CAPITAL ASSETS + ACCUMULATED DEPRECIATION (IF ANY)

LIABILITIES																						
Current liabilities:																						
Accounts payable	680,929			61,777			167,842			229,597			1,140,145			1,140,145						
Estimated claims payable	-			-			-			-			1,076,632			1,076,632						
Due to other funds	-			-			24,786			86,000			431,436			431,436						
Retainage payable	-			-			11,447			-			24,786			24,786						
Unearned revenue	101,521			-			-			15,686			128,654			128,654						
Bonds payable	-			-			-			-			-			-						
Accrued interest payable	-			-			-			-			-			-						
Deposits payable	18,292			-			-			1,200			19,492			19,492						
Total current liabilities	800,742			86,563			179,289			332,483			1,399,077			1,399,077						
Noncurrent liabilities:																						
Benefits payable	-			-			-			-			-			-						
Bonds payable	-			-			-			-			-			-						
Estimated claims payable	-			-			-			-			-			-						
Total noncurrent liabilities	800,742			86,563			179,289			332,483			1,399,077			1,399,077						
NET POSITION	49,314,186			27,346,211			9,521,413			3,635			86,185,445			86,185,445						
Net investment in capital assets	6,863,968			5,103,000			1,597,769			1,412,025			14,976,762			14,976,762						
Unrestricted	\$ 56,178,154			\$ 32,449,211			\$ 11,119,182			\$ 1,415,660			\$ 64,342,534			\$ 64,342,534						
Total net position	\$ 56,178,154			\$ 32,449,211			\$ 11,119,182			\$ 1,415,660			\$ 64,342,534			\$ 64,342,534						

Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds.
Net position of business-type activities
\$ 97,967,850

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See notes to the basic financial statements.

GOVERNMENTAL Accounting

CITY OF BLOOMINGTON, MINNESOTA
Balance Sheet
Governmental Funds
December 31, 2014

- NO CAPITAL ASSETS
- NO Long-TERM DEBT

EXHIBIT 3

	General Fund	Community Development Block Grant	Improvement Bonds	Capital Projects	Improvement Construction	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS							
Cash, cash equivalents and investments	\$ 24,823,180	\$ 56,378	\$ 16,216,744	\$ 22,317,540	\$ 16,030,124	\$ 18,145,570	\$ 97,589,536
Accrued interest receivable	64,115	73	40,138	86,373	53,338	53,584	297,621
Taxes receivable	609,603	-	19,566	969	6,301	4,833	641,272
Accounts receivable	1,325,674	-	-	82,867	-	385,739	1,794,280
Loan receivable	-	-	-	1,313,866	-	-	1,313,866
Mortgages receivable	9,276,544	-	-	-	-	-	-
Prepays items	3,952	-	-	-	-	-	-
Land held for resale	-	-	-	9,740,351	-	606,477	10,346,828
Due from other funds	208,000	-	-	1,100,000	-	-	1,308,000
Due from component units	174,548	-	-	3,543,974	-	-	3,718,522
Due from other governments	161,244	37,291	-	2,064,327	610,306	738,340	3,611,508
Special assessments receivable	20,100	-	18,412,983	1,745,868	-	-	20,178,951
Total assets	\$ 27,390,416	\$ 9,370,286	\$ 34,689,431	\$ 41,996,135	\$ 16,700,069	\$ 19,934,543	\$ 150,080,880
LIABILITIES							
Accounts payable	\$ 1,695,646	\$ 15,097	\$ 36,015	\$ 473,623	\$ 225,565	\$ 665,271	\$ 3,111,217
Retainage payable	-	-	-	357,075	487,868	67,426	912,369
Due to other funds	-	-	-	-	1,100,000	122,000	1,222,000
Due to component units	-	78,645	-	2,785,056	-	-	2,863,701
Due to other governments	-	-	-	-	-	-	-
Unearned revenue	627,282	-	-	-	-	333,918	961,200
Deposits payable	5,913	-	-	21,635	-	78,591	106,139
Total liabilities	2,328,841	93,742	36,015	3,637,389	1,813,433	1,267,206	9,176,626
DEFERRED INFLOWS OF RESOURCES							
Deferred inflows - mortgages	-	9,276,544	-	-	-	-	9,276,544
Deferred inflows - taxes	398,169	-	-	-	402,306	42,822	398,169
Deferred inflows - state aid	-	-	-	-	-	-	445,128
Deferred inflows - special assessments	20,100	-	18,412,983	1,745,868	-	-	20,178,951
Deferred inflows - land held for resale	-	-	-	9,740,351	-	606,477	20,346,828
Total deferred inflows of resources	418,269	9,276,544	18,412,983	11,486,219	402,306	649,299	40,645,620
FUND BALANCES							
Nonspendable	3,952	-	-	-	-	-	3,952
Restricted	-	16,240,433	-	21,930,655	8,239,380	3,179,919	49,590,387
Committed	1,250,496	-	-	4,941,872	-	1,487,321	7,679,689
Assigned	-	-	-	-	7,194,973	13,404,779	20,599,752
Unassigned	23,388,858	-	-	-	(950,023)	(53,981)	22,384,854
Total fund balances	24,643,306	-	16,240,433	26,872,527	14,484,330	18,018,038	100,258,634
Total liabilities, deferred inflows of resources, and fund balances	\$ 27,390,416	\$ 9,370,286	\$ 34,689,431	\$ 41,996,135	\$ 16,700,069	\$ 19,934,543	\$ 150,080,880

See notes to the basic financial statements.



(A)

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GASB 34 (2003) GOVERNMENTAL ATTEMPT TO BE MORE LIKE PRIVATE SECTOR

CITY OF BLOOMINGTON, MINNESOTA
Statement of Net Position
December 31, 2014

INCLUDES INTERNAL SERVICE FUNDS

INCLUDES *INC. COMPONENT UNITS

	Primary Government		Component Units *INC. Housing and Redevelopment Authority	
	Governmental Activities	Business-type Activities	Total	Port Authority
ASSETS				
Cash, cash equivalents, and investments	\$ 132,292,849	\$ 10,033,563	\$ 142,326,412	\$ 47,420,686
Cash with escrow agent	-	-	-	\$ 4,332,810
Receivables, net	37,094,844	5,910,759	43,005,603	-
Prepaid items	655,444	84	655,498	2,059,519
Due from primary government	-	-	-	16,500
Due from component units	6,770,502	-	6,770,502	2,785,056
Due from other governments	-	-	-	78,645
Inventory	10,512,057	-	-	-
Internal balances	2,848,921	(2,848,921)	10,512,057	5,830
Capital assets, net of related depreciation:				133,856
Land - nondepreciable	93,605,439	4,714,616	98,320,055	-
Buildings and structures	33,436,151	20,917,302	54,353,453	1,600,300
Machinery and equipment	12,906,006	767,541	13,673,547	1,398,349
Improvements	5,799,049	2,263,418	8,062,467	3,769
Distribution system	-	57,340,529	57,340,529	-
Construction in progress	-	182,032	1,357,190	-
Infrastructure	-	-	196,008,620	-
Net capital assets	196,008,620	-	429,115,861	-
Accumulated depreciation	342,930,423	86,185,438	429,115,861	3,002,418
Total assets	533,105,010	99,280,923	632,385,933	52,287,591
				16,540,315
LIABILITIES				
Accounts payable and other current liabilities	5,215,214	1,184,419	6,399,633	1,342,689
Accrued interest payable	708,399	-	708,399	-
Unearned revenue	1,036,200	128,654	1,164,854	-
Due to component units	2,863,701	-	2,863,701	-
Due to primary government	-	-	-	3,577,943
Noncurrent liabilities:				260,579
Due to primary government - Bonds payable due in more than one year	10,388,409	-	10,388,409	-
Due within one year	74,726,305	-	74,726,305	-
Due in more than one year	94,938,228	1,313,073	96,251,301	4,920,632
				1,574,720
				4,885,928
NET POSITION				
Net investment in capital assets	286,687,129	86,185,438	372,872,567	1,427,698
Restricted for:				
Debt service	35,294,612	-	35,294,612	-
Tax increment	21,529,112	-	21,529,112	47,162,557
Street reconstruction	6,908,376	-	6,908,376	-
Restricted - other	3,653,832	-	3,653,832	-
Unrestricted	84,093,721	11,782,412	95,876,133	204,402
Total net position	\$ 438,166,782	\$ 97,967,850	\$ 536,134,632	\$ 47,366,959
				\$ 11,654,387

See notes to the basic financial statements.

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Reconciliation between P2 & P3 Fund Balances + Net Position

CITY OF BLOOMINGTON, MINNESOTA
 Reconciliation of the Governmental Funds Balance Sheet
 to the Statement of Net Position
 December 31, 2014

EXHIBIT 4

FUND BALANCE - TOTAL GOVERNMENTAL FUNDS

Amounts reported for governmental activities in the Statement of Net Position
 are different because:

+ CAPITAL ASSETS

Capital assets used in governmental funds are not current financial resources and, therefore, are not reported as assets in governmental funds: Cost of capital assets Less accumulated depreciation Governmental funds do not report a liability for accrued interest until due and payable. Internal service funds are used by management to charge the costs of various services provided to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Net Position. Internal service fund net position per statements Add allocation to business-type activities Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the funds. A portion of the annual required contribution for other post employment benefits was not paid in the current period and, therefore, not reported in the governmental funds. Bond premiums are reported as other financing sources in the governmental funds at the time of issuance. In the Statement of Net Position, these costs are amortized over the life of the debt issue. Amounts due from component units-bonds payable are not reflected in the governmental funds and, therefore, must be added to reconcile to the total net position of governmental activities. Other long-term assets related to delinquent property taxes, land held for resale, and special assessments are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds. NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>ExH 3</u> \$ 100,258,634 <hr/> <u>ExH 1</u> \$ 438,166,782
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See notes to the basic financial statements.